

Gift Aid Launch – Summary Notes

HM Treasury's Gift Aid consultation was launched on June 19 with a roundtable discussion between The Chief Secretary to the Treasury, Stephen Timms MP, and the Minister for the Third Sector, Ed Miliband MP and representatives from across the charity sector.

The discussion set the tone for the consultation with an interesting and open conversation from which several key ideas emerged.

Overall, there was general agreement that Gift Aid remains a highly successful tax relief that continues to grow and benefit charities. However, ministers recognised the potential impact of the cut in the basic rate of income tax and reiterated the Government's commitment to finding ways to increase the take-up of Gift Aid, encouraging the sector to come up with far-reaching and innovative ideas.

In terms of the consultation process, representatives welcomed the opportunity to participate but highlighted the need for HM Treasury to consider more radical, visionary approaches to Gift Aid. Ministers reassured the sector that HMT was very much in listening mode and that participants should feel free to voice all of their ideas. The group also agreed that HMT should maintain contact with umbrella bodies throughout the consultation process so that the sector can continue to feed into any ideas that emerge.

Turning to the substance of the consultation itself, representatives made several suggestions on how the Gift Aid tax relief could be improved. An overarching concern was the administrative complexity of the Gift Aid record-keeping and audit process, which can act as a constraint on Gift Aid take-up. Representatives felt the problem was two-fold, with charities facing burdensome paperwork on the one hand, and reluctance amongst donors to allow their personal details to be recorded, on the other.

Another area of focus was the role of intermediaries in the Gift Aid process. Suggestions included increasing the role of financial advisors, engaging the banking sector through the operation of giving accounts, and the establishment of an intermediary body to represent smaller charities.

There was also clear consensus on the need to support smaller charities, many of which don't currently claim Gift Aid. Representatives of smaller charitable bodies highlighted the fact that many small community organisations aren't even registered charities and that, in that respect, Gift Aid could be seen as discriminatory. They called for a simplified system, but also for more support networks for smaller organisations. This, it was suggested, could be achieved by partnering small charities with large charities but also through the community foundations.

A key theme of the discussion was the need to create a culture of giving by ensuring public confidence in charities and encouraging schools to foster a habit of charitable giving at an early age, amongst other ideas. Linked to this is the need to take a closer look at the cultural, social and other barriers to giving among the better off. Indeed, representatives around the table were particularly keen to examine the issues around higher rate donors and explore the reasons behind a recent fall in their use of Gift Aid.